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Advertising Age Thursday

INSIDE:

- Brady's farewell to his father
- Special Report: Test Marketing — exploring new services

NEW YORK'S ROCK FASHION PRINCE

Fashion flash meets funky punk in Steven Lewis, showman for the new wave in design

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In the news

Pumping Air Jordan ads

Nike's new Air Jordan basketball shoes and apparel have raised a few hackles in the National Basketball Assn. But Nike plans to use the clamor to its advantage in advertising. *See Page 4.*

A vote for McKinleyana

Prevention publisher Marshall Ackerman is always on the lookout for McKinleyana. That's McKinleyana, as in William McKinley, who was president at the turn of the century. Mr. Ackerman has what could be the country's largest collection of McKinley artifacts. *See Page 7.*

Rocking fashion world

The cutting edge of fashion slices across the floor at Manhattan's Danceteria, as Steven Lewis (l.) creates fashion extravaganzas on bare-bones budgets. *See Page 41.*

Stereotype

"Yes, suh—everybody's on the go again," says the grinning porter as he carries a white man's bags in an ad for the NHM Hotels. This ad is one of many ethnic stereotypes to be examined at a May 5 conference. *See Page 42.*

A comet's marketing tale

Halley's Comet, that ethereal phenomenon that returns every 76 years, this year will be put to a more earthly task—selling products. *See Page 43.*

Special Report

Costly and time-consuming, conventional test-marketing is more challenging than ever. Companies chance exposing new products to competitors as they fight for shelf space. Test-marketing consultants are broadening their range of research tools and preparing to meet needs of service industries. *Test-Marketing Special Report, starting on Page 15.*

Celebrity lines tough to draw

By STEVEN W. COLFORD

WASHINGTON—In Bud Light's pool of introductory commercials, a hockey goalie, badly beaten by a sneering opponent early on, recovers sufficiently later in the game to make the big save that defeats the enemy and turns his glum coach's snarl into an approving nod.

Nice commercial by Budweiser, nice save by the goalie, but small-time compared to the save that the beer industry—and wineries, to a lesser extent—will have to make if they want to keep the right to use names or faces in their spots.

See, the goalie in the Bud Light ad is Ron Graham, not exactly a household name but, in real life, a former National Hockey league goaltender of some renown, surviving several seasons with the Los Angeles Kings and Boston Bruins, among others.

And Mr. Graham is the kind of actor/athlete who could confound the Treasury Department's attempt to redefine the kind of celebrity who might be barred from appearing in alcohol ads (AA, Feb. 25).

Simply asked, is Mr. Graham an actor entitled to earn a living emoting on the screen, or is he merely an ex-jock draining the last few dollars from his history and reflexes before they both desert him for good?

If the former, then all is well, but if federal regulations now under review interpreted Mr. Graham as being a former athlete, his career acting in beer spots might be over (as is the "Bring out your best" campaign, having been replaced by commercials themed "Give me a light—Bud Light").

Another current example of the Gordian Knot that the Bureau of Alcohol, Tobacco & Firearms may be trying to unravel is the newly broken Coors campaign that mixes imagery of snow-topped, wind-dusted mountains with a handsome spokesman, Mark Harmon, better known as Dr. Robert Caldwell of NBC-TV's "St. Elsewhere."

But, in a previous life, Mr. Harmon, the son of former University of Michigan All-American halfback Tommy (Ol' 98) Harmon, was an athlete of some notoriety, having quarterbacked UCLA teams of the early 1970s to modest accomplishments.

Certainly, Mr. Harmon is an actor, but if deemed by federal regulators to be an ex-athlete, he could join Mr. Graham on the sidelines of beer commercials.

It all depends on how widely the BATF attempts to broaden its current prohibition on ex-athletes performing in alcohol ads.

If the agency decides not to ban all celebrities, only certain categories such as active and former athletes, rock music stars and others with a particular appeal to youngsters, then the federal agency will have to determine where to draw a line of demarcation.

If, in the case of athletes, it tries to draw that line between amateurs and professionals, then a Mark Harmon, a Bruce Jenner or a—perish the thought—Mary Lou Retton would be free to hawk suds or chablis while a relatively anonymous, former pro—Mr. Graham, for example—would be disqualified.

The chain of permutations and combinations seemingly never ends: What about Frank Gifford, who retired way back when as a New York football Giant but whose face has gained household familiarity thanks to ABC's "Monday Night Football" and—you guessed it—Dry Sack sherry ("Try it on the rocks, too")?#

Dry-sacked?

Would athlete-turned-sportscaster Frank Gifford face banishment to the ad sidelines if the government decided to ban ex-athletes and celebrities from appearing in ads for alcoholic beverages?

Presstime

Y&R parcels out power

NEW YORK—Young & Rubicam USA, which had been expected to name a new president to succeed John McNamara (AA, Feb. 11), has instead expanded the responsibilities of the heads of the $1.6 billion Y&R division's three components. John McGarry Jr. becomes president, a new post at Y&R/New York, a $700 million agency, from exec vp-general manager. Roby Harrington, exec vp in charge of Y&R/Chicago, Detroit and San Francisco, adds the new title of chairman of the National Group of Agencies. Arthur Klein, president of Y&R's Direct Marketing Group, now will have Sudler & Hennessey also report to him.

Writers vote on pact. . .

HOLLYWOOD—The 8,700-member Writers Guild of America is scheduled to vote March 1 on whether to strike or accept a new three-year contract covering theatrical films and entertainment tv shows. The current contract expires today. Home video residuals are a sticking point in negotiations so far. WGA struck for three weeks after its contract expired in 1981.

. . .While actors OK strike

NEW YORK—Members of Screen Actors Guild and American Federation of Tv & Radio Artists have authorized their negotiating team to call a strike if necessary "to achieve a fair contract" for people who appear in radio and tv commercials. Talks with sponsors' representatives continue on a day-to-day basis. Talent seeks raises for spot and network runs, while the ad industry has asked for a rollback and concessions on 15-second spots. The old pact expired Feb. 6.

De Lorean fund razing

LOS ANGELES—John De Lorean's effort to raise money through newspaper ads to pay for his successful defense on drug trafficking charges (AA, Nov. 12) apparently is being discontinued because of poor response. A page ad in the *Los Angeles Herald Examiner* brought only a few thousand dollars in contributions. Cozad/Benskin & Associates, Encino, Cal., placed the ad.

McEnroe gets reflective

BEAVERTON, ORE.—Nike will demonstrate the rarely seen human qualities of tennis star John McEnroe in a new tv spot breaking in May for its McEnroe-designed tennis apparel line (AA, Jan. 21). The testy tennis pro is shown dressing as he ruminates over an impending match. Chiat/Day, Los Angeles, handles.

Honda thins Accura field

GARDENA, CAL.—American Honda Motor Co. has named three finalists for its Accura line of upscale cars to be introduced in 1986. The finalists for the $10 million account are Backer & Spielvogel; Bloom Agency, and Ketchum Advertising. All have promised to open a Los Angeles office if selected. Needham Harper Worldwide continues to handle Honda's existing line.

Mennen campaign for Real

MORRISTOWN, N.J.—Mennen Co. will introduce Real antiperspirant nationally in March with an

(Continued on Page 43)

Miller adds suit to Landau woes

By ROBERT RAISSMAN

Miller Brewing Co. has filed a $19 million federal suit alleging that Robert Landau, president of the bankrupt Robert Landau Associates, fraudulently diverted the brewer's payments for promotional work to cocaine, racehorses, apartments and cars.

The suit filed last week in Milwaukee also named as co-defendants Charles Lockwood, exec vp, RLA; the New York-based accountancy Eisner & Lubin, and Gerald Marsden, a member of that company's executive committee.

Miller alleges that New York-based RLA engaged in a pattern of fraud that led Miller to advance RLA the $2 million (AA, Oct. 11).

Miller charges that all the defendants in the suit led Miller executives to believe that RLA was on solid financial ground when the sports marketing/sales promotion agency was on the verge of bankruptcy.

The suit alleges that Mr. Landau bought cocaine, homes and horses with the money, and hired his uncle and paid him $100,000 a year to act as a psychiatric consultant to RLA employes. Landau and E&L officials could not be reached for comment on the Miller suit.

RLA filed for reorganization last September (AA, Sept. 20).#

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Battle for shelf space

By Laurie Freeman

On the obstacle course of test marketing, marketers face a hurdle potentially larger and more expensive than protecting test products from the competition's prying eyes: Persuading retail buyers to place those products onto supermarket shelves.

For retailers, the cost of handling new products has increased sharply as more new products are introduced into limited supermarket space. Each day, as many as seven new products are introduced across the U.S., according to Dancer Fitzgerald Sample's "New Product News"; that compares with only three a day in 1980.

Caught between this deluge of new products and rising handling costs, retailers and wholesalers are reevaluating buying policies and reviewing purchase orders of new and familiar products.

One result of the scrutiny: In return for placing new products on shelves, buyers are demanding slotting allowances from marketers.

Slotting allowances cover cash discounts and free case goods as well as placement allowances. Placement allowances usually cover the cost of entering new product information into a store's computer and placing the product in the warehouse and on store shelves.

Although such placement practices have existed for years, buyers recently have become more vocal.

The push for better incentives was inspired, in part, by Cincinnati-based Kroger Co., the nation's second largest publicly held grocery chain with 1983 food sales of nearly $14 million in its 1,500 stores. Last year, Kroger became the first chain to state officially that it would ask marketers for a slotting allowance on new products—but only in one market.

The experimental policy is in effect only in the chain's 103 Houston stores. There Kroger is charging marketers an upfront "admission price" of $15.75 per new product per store.

Kroger plays down its position. "Most manufacturers recognize that [our] costs have gone up, and they're including that additional cost in their promotional allowances," says Audrey McCafferty, public information manager for Kroger.

While Kroger apparently has not asked major marketers, such as General Mills, Pillsbury and Procter & Gamble, to increase their promotional allowances, one buyer says brokers and smaller marketers are paying higher placement allowances. Kroger officials have no comment on whether they plan to expand the formal slotting allowance policy beyond the Houston market.

Other grocery chains have not yet stated slotting allowance policies as publicly or as bluntly as has Kroger. One buyer says many grocers, especially large wholesalers, have demanded new product incentives for years, but never put the policies on paper.

But with widespread agreement that the retail grocery industry must band together to protect its turf—and its traditionally small profit margins—the big chains are considering formalizing their unspoken policies.

"We won't allow the manufacturers to take advantage of us. We make sure they have provided extra [money] to cover the cost of handling new products," says Michael Rourke, vp-marketing for the Great Atlantic & Pacific Tea Co.'s A&P food stores, Montvale, N.J. A&P, with 1983 sales of $4.3 million in its nearly 1,000 U.S. stores, is the nation's sixth largest public grocery chain.

"New products are costly—we have to find room on the store shelves and in the warehouses," he says. "Other products have to be discontinued to make room for new items, and it costs us a lot of money to handle them."

According to a northeastern broker, marketers already have become more sensitive to retailers' rising costs. "If there aren't enough allowance dollars to go along with the test market of new products, it's difficult to do a new product introduction correctly. Manufacturers are recognizing that," he says.

"By and large, manufacturers are—and should be—providing supermarkets with sufficient incentives to stock good products," says Gerson Barnett, senior vp-grocery operations, Giant Food, Landover, Md.

Although Giant has no formal policy on slotting allowances, Mr. Barnett says such fees are an integral part of the business.

"When a manufacturer wants to introduce a new product, it comes in with allowances," he says.

A Topeka, Kan.-based paper-products buyer says, "If a company wants to just put a product on the grocery shelf, we want no part of that. But if the company comes in with the proper backing, like coupon promotions and tv [commercials], then we're interested."

While retailers say they negotiate for higher placement fees, most admit they wouldn't refuse to take a new item, even if the company doesn't provide an allowance. No store wants to be without the latest new item and no one wants to drive customers away by not carrying the desired product.

At the same time, retailers aren't afraid that requests for stricter slotting allowances will deter future in-market test marketing. They say marketers always will need test market information.

"The final test of a product comes when that product is placed on supermarket shelves. There's no way to get around that," A&P's Mr. Rourke says.

If a product has not been test marketed, some grocery chains will go so far as to claim they don't have room for it.

"The cost of yanking a product after a national rollout is too high for both us and the manufacturer. A company really needs a real world handle on it before distributing a new item nationally," says Dick Fredericksen, vp-head grocery buyer, Lucky Stores, Dublin, Cal. His 600-store chain, with 1983 sales of $5.5 million, is identifying new-item placement costs, but does not now ask for placement allowances.

Recently, however, some buyers have questioned the accuracy of both out-of-market and in-market testing. They say the simulated test market is not the best vehicle to test a new product properly.

One midwestern wholesaler criticizes in-market tests. "Manufacturers don't get an accurate reading on their test products because they baby sit the items to make sure they sell."

"When I'm reviewing test market data, it bothers me that I don't know how the test was conducted," says a Topeka, Kan.-based buyer. "[The product] could have received heavy couponing, or buy-one-get-one free sales, which is very misleading."

Despite all their concerns, most supermarket chains still welcome new products with open arms. "From our standpoint, when a company tests a new product, they make it sell," says a Kansas City, Mo.-based buyer for a major national chain. "They come in with good allowances, both advertising and promotion and they force the product down consumers' throats."

And although, according to industry sources, the debate over test marketing and slotting allowances shows no signs of abating, on one point both retailers and marketers agree: New products are the lifeblood of the industry.

Laurie Freeman is a package and consumer goods reporter in the Chicago bureau of Advertising Age.

Exploring new services

(Continued from Page 15)

since 1981, and Merit paper towels, in test since 1982.

White Plains, N.Y.-based General Foods' manager of corporate communications Ken Defren says it would be simplistic to characterize sell-in as going out of style.

"At General Foods, we simply have too great a variety of products to make such a generalization," Mr. Defren says.

"On one hand, there are a lot of products going directly national and forgoing test marketing entirely. But there are other cases in which test markets are lengthened for one reason or another. Each product requires individual treatment."

Nonetheless, there's no question that alternative test market techniques, particularly scanner-based systems, have created a fundamental shift in the package goods industry's approach to test marketing.

IRI has grown steadily during the past five years and counts virtually all the major package goods marketers among its clients. A.C. Nielsen Co. is preparing to launch its new Testsight service in April. And Burke Marketing Services, in conjunction with Arbitron Ratings Co., New York, recently announced a new system called ScanAmerica.

A key reason for the popularity of these electronic systems is their ability to measure a product's performance under alternative marketing plans instead of, in the words of IRI's Mr. Fulgoni, "having to come up with the optimum program up front."

"By the same token," Mr. Fulgoni says, "you should not use these systems blindly."

The now classic dilemma is the question of how accurately companies can gauge retailers' acceptance of new products and, thus, their distribution potential, without the sell-in.

"A company must be realistic about its distribution potential," Mr. Fulgoni says. "For example, if you're General Mills and you're testing a cake mix, you have a good feel for the level of distribution your sales force is going to get.

"But if you're going into a product category you're not sure of, in those situations, we would also recommend that you get some experience with your own sales force."

Spokesmen for several large package goods companies agree.

"I think sell-in continues to be valuable in cases where one of the major marketing problems is going to be gaining sales acceptance," says Jan Tritsch, director-technical resources for Pillsbury Co., Minneapolis. She says this sales acceptance problem includes quality of distribution (for example, how many sizes or flavors a retailer is willing to stock) as well as quantity.

Dan Ailloni-Charas, president of Stratmar Systems, a New York marketing services company, says trade acceptance is critical to most new product introductions. "To test without relevance to the trade is foolish," he says.

Larry Stanek, vp and director-marketing information for Kraft, Glenview, Ill., says there's plenty of room for both sell-in and electronic minimarkets. According to Mr. Stanek, selectivity is the key to the proper choice.

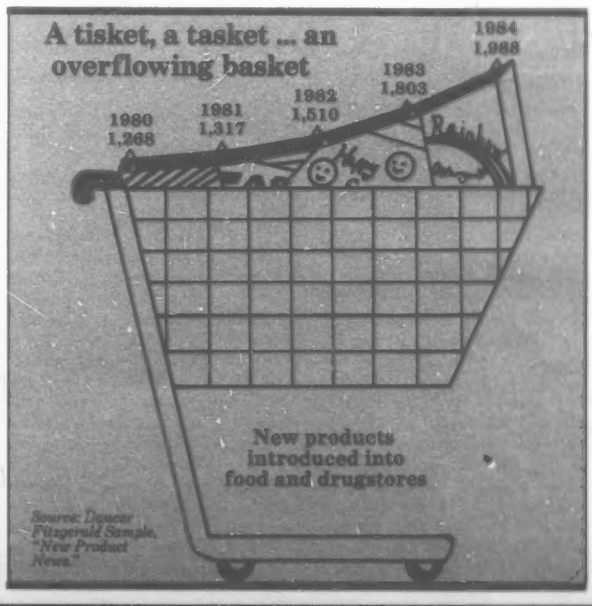
"We use sell-in as well as controlled testing," Mr. Stanek says. "Sometimes we do both at the same time. We may be doing a controlled test to test advertising weight and copy or pricing variables and a sell-in to determine distribution build.

"We see one as complementing the other, which enables us to respond to opportunities as quickly as possible and preempt competitive response as much as possible."

Pillsbury's Ms. Tritsch, who says her company also uses a number of proprietary test market techniques, concurs.

"The general point to be made is, there are tradeoffs, advantages and disadvantages, to both scanners and sell-in test markets," she says. "One is not 'better' than the other. It depends on what you're trying to accomplish."

With its April launch of Test-


A tisket, a tasket ... an overflowing basket
1980 1,268
1981 1,317
1982 1,510
1983 1,803
1984 1,988
New products introduced into food and drugstores
Source: Dancer Fitzgerald Sample, "New Product News."